

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 1282 – HB 1409

February 13, 2018

SUMMARY OF ORIGINAL BILL: Authorizes commissioned employees in the Department of Safety, Department of Environment and Conservation, Tennessee Bureau of Investigation, Tennessee Wildlife Resources Agency officers that are engaged in law enforcement activities, employees of institutions of higher education, law enforcement officers, and employees of the Departments of Correction (DOC) and Transportation, to receive hazardous duty pay supplements, when an exceptional condition exists that creates a temporary or permanent hazardous duty position. Such hazardous duty pay supplements shall be subject to the approval of the Commissioner of the Department of Human Resources (DOHR). Requires all hazardous conditions be identified for each state employee position. Authorizes a hazardous salary adjustment ranging from 5 percent to 10 percent of the employee's base salary depending on the severity of hazardous conditions, which can range from mildly hazardous to severely hazardous. Authorizes hazardous duty pay to be included in the compensation paid to an individual for services rendered during a month if the individual has routine and direct contact with youth that was placed in a residential facility of the Department of Children's Services (DCS), or was released under DCS' supervision.

Establishes that an employee who is eligible for Fair Labor Standards Act overtime pay and who is ordered to return to work after the termination of such employee's regular work schedule to be paid the greater of four hours at the employee's total rate of pay or overtime compensation for the actual hours worked. Requires certain DOC employees be provided with overtime pay in the same month DOC compensates employees at the regular rate of pay for the period in which the employee accrued the overtime.

Authorizes state agencies to provide a one-time recruitment bonus not to exceed \$5,000 to employees who are employed to certain classified positions. Authorizes state agencies to provide a one-time deferred salary payment not exceeding \$5,000 to certain employees in positions with high turnover rates that are identified as essential for state agency's operations, when such employees complete twelve months of service.

Requires such agencies to certify in writing to the Department of Finance and Administration (F&A) the reasons for why additional compensation is necessary before entering into any contract with an employee.

FISCAL IMPACT OF ORIGINAL BILL:

Increased State Expenditures - \$7,500/One-Time
Exceeds \$4,127,200/Recurring

SB 1282 – HB 1409 (CORRECTED)

SUMMARY OF AMENDMENT (012511): Deletes all language after the enacting clause. Authorizes commissioners of any department within the state to develop standards to identify hazardous duty positions within their department and categorize uncommon working conditions for the classification of employees as mildly, moderately, or severely hazardous in consultation with its appointing authorities and employees. Requires such commissioners to consult with the Commissioners of the Department of Finance and Administration (F&A) and the Department of Human Resources (DOHR) if such standards and categories are developed.

Authorizes the appointing authority to apply to the appropriate commissioner for salary adjustments with evidence and documentation to substantiate the claim for the hazardous salary adjustment upon determination that a state employee or class of employees is eligible for such adjustment. Authorizes the commissioner to grant approval for a hazardous salary adjustment for the qualified employee. Requires each hazardous adjustment claim to be submitted as a separate application. Authorizes F&A and DOHR to audit any hazardous salary adjustment claims submitted.

Authorizes state employees to receive a hazardous salary adjustment granted only for the time the employee is subject to hazardous working conditions. Authorizes a hazardous salary adjustment ranging from 5 percent to 10 percent of the employee's base salary depending on the severity of hazardous conditions, which can range from mildly hazardous to severely hazardous. Requires state agencies to compensate any former state employees for any approved hazardous salary adjustment for any work performed regardless of whether the approval occurs after such employee transfers to another state agency or is separated from service.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On February 5, 2018, a fiscal memorandum was issued for this bill as amended with the following estimated fiscal impact:

*Increase State Expenditures – \$7,500/One-Time
Exceeds \$893,200*

Based on additional information received from the Department of Human Resources, this impact was determined to be in error. The fiscal impact has been corrected as follows:

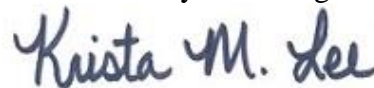
(CORRECTED)
Increase State Expenditures – \$7,500/One-Time
Exceeds \$2,226,300/Recurring

Corrected assumptions for the bill as amended:

- The proposed legislation will authorize a hazardous salary adjustment ranging from 5 percent to 10 percent of the employee's base salary depending on the severity of hazardous conditions.
- According to DOHR, hazardous duty payments and transactions would have to be processed through the special leave section of the Department outside of the Edison system.
- Based on the information provided by the DOHR, the Department will require ten full-time positions to administer the requirements of the proposed legislation including: one program manager, two program supervisors, and seven program specialists.
- The one-time increase in state expenditures from the General Fund for computers, phones and other miscellaneous items for all 10 positions is estimated to be \$7,500.
- The recurring increase in state expenditures from the General Fund for all 10 positions is estimated to be \$735,953 (\$569,004 salary + \$166,949 benefits).
- Based on the information received by DOHR, the number of employees that could potentially qualify for the hazardous salary adjustment is estimated to be at least 40,719.
- It is assumed that at least 20 percent, or 8,144, of such employees will receive an average hazardous salary adjustment of 7.5 percent of the employee's base salary each year.
- The average base salary for state employees is \$47,594 at an average of 1,950 hours worked per year by each employee; the average base salary rate is \$24.41 per hour (\$47,594 / 1,950 hours). A hazardous salary adjustment of 7.5 percent would increase the base salary rate by \$1.83 per hour to \$26.24 per hour (\$24.41 x .075 = \$1.83).
- It is assumed that the average hazardous condition involves circumstances not common to the class for those hours worked. It is assumed that each employee qualifying for hazard pay will work an average of 100 hours per year that qualify for hazard pay.
- The proposed legislation will result in a recurring increase in state expenditures estimated to be \$1,490,352 (8,144 employees x \$1.83 hourly rate x 100 hours).
- The total recurring increase in state expenditures from the General Fund is estimated to exceed \$2,226,305 (\$735,953 + \$1,490,352).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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